



STATE REPRESENTATIVE
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WISCONSIN STATE ASSEMBLY

54th DISTRICT

Small Business Jobs Investment Act (AB 853)
Testimony 03/17/10

Thank you, Chairman and committee members, for the opportunity to testify today on Assembly Bill 853.

We have spent a great deal of time this session holding hearings and pursuing initiatives that can support our economy during this economic downturn. That support includes job training, investment in higher education, and expanded unemployment benefits and health insurance as well as legislation aimed at incentivizing and encouraging private sector expansion. Still, too many Wisconsinites have found themselves without employment and struggling. The lost revenue due to the down turn has limited the resources available to the state, yet Wisconsin has had some remarkable success in retaining and creating jobs with smart, performance-based incentives that have helped large scale employers such as Mercury Marine, Oshkosh Corporation, and Republic Airlines invest in doing business in Wisconsin. However, recognizing that importance of small businesses as the backbone of our communities, I wanted to present legislation that takes the successful principles of the larger incentive programs to assist small businesses and unemployed families now.

The Small Business Jobs Investment Act offers a job creation incentive for small businesses of 10 employees or less. Businesses that expand their payroll immediately and create new, full-time, non-seasonal jobs, will receive incentives for those efforts. The more jobs a business creates, the larger the incentive they will receive. That credit can then be used to strengthen and expand their businesses and create more new jobs.

To qualify for the credit, businesses must hire employees who have been out of work for two months or more. Limiting the hiring pool to people who have been out of work the longest will ease the current load services for displaced workers and help families who are hurting the most.

Wisconsin has nearly half a million small businesses that employ more than half of all workers in the state. Small businesses are a major engine of the state's economy and play a crucial role in helping Wisconsin recover from the nation's economic downturn. In the 4th quarter of 2009, small business national GDP grew by 5.7%, an encouraging sign during tough economic times. Any incentive that encourages the addition of jobs could make a significant difference.

In dollars and sense this is what this bill does. If a small business hires a new employee and meets all the requirements of this bill, then they are eligible for a tax break based on the payroll withholding difference from 2009 to 2010. The average Wisconsin salary is around \$35,000, so the business would be eligible for around \$2200 tax credit.

Now I will be the first to admit that this bill is limited in scope given the size limit (10 or less employees) and is capped at 2 million dollars. But with every positive sign of the economy, it could encourage a small business who may be considering adding someone to move forward. This bill is a step in the right direction and at the right time at a time when our limited resources are available.